



City Councilmember
Carl DeMaio

News Release

DeMaio Pension Reform Proposal Becomes Centerpiece of Mayor-Council Offer to Unions

DeMaio calls on unions to “be part of the solution and take this step to end the pension crisis together”

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SAN DIEGO – City Councilmember Carl DeMaio today urged labor union leaders to accept an offer made with the unanimous support of the Mayor, City Council, and City Attorney to negotiate a final and complete resolution to the city’s pension crisis.

The focus of negotiations would center on DeMaio’s proposal to cap pensionable pay and the City Attorney’s proposal to reach a global settlement on outstanding pension litigation.

“We have never been closer to a real fix to our city’s pension crisis,” said DeMaio. “I hope the city’s labor unions will end their opposition to reform and join us in a mutual and collaborative effort to finally put an end to the city’s pension crisis.”

DeMaio’s proposal to cap pensionable pay includes the following simple elements: change how city employees’ pensions are calculated to exclude “add-ons” or “specialty pays” and use only base salaries in the calculation of benefits. The amount of “pensionable pay” would be frozen, but to provide employees with a mechanism to earn additional compensation based on performance, DeMaio proposed the creation of a “share-in-savings” program.

By enacting a cap on pensionable pay, city taxpayers will save approximately \$250 million in just the next five years – and significantly more thereafter. The proposal – validated this week by the City Attorney – does not violate vested rights and technically does not need the agreement or acceptance by the labor unions.

DeMaio cautioned the labor unions that if negotiations are not successful, he would join with taxpayer advocates to impose the reforms at the ballot box.

“If the labor unions do not accept a compromise as we are suggesting, then we will have no choice to take these reforms directly to a vote of the people,” concluded DeMaio.

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